

Agricultural Situation

FEBRUARY 1960

Vol. 44, No. 2

Agricultural Marketing Service
U.S. Department of Agriculture

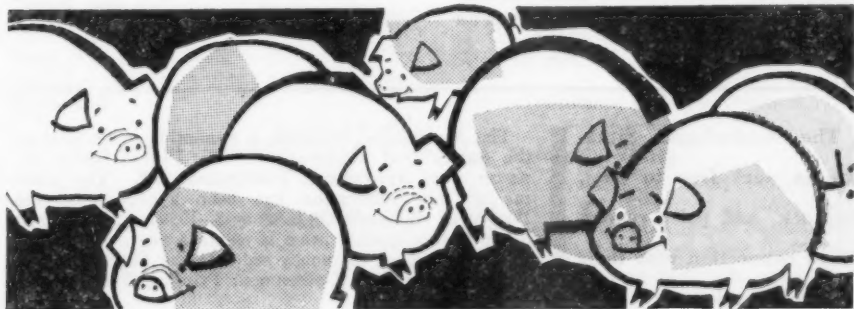
OUTLOOK FOR HOG PRICES LOOKS BRIGHTER

Around December 1 hog producers reported that the 1959 fall pig crop was 2 percent larger than a year earlier. At that time they also reported that they planned to have 12 percent fewer sows farrowing during the 1960 spring season. What does this mean in terms of hog slaughter and prices in 1960?

Since fall pigs make up the bulk of slaughter supplies during the first half of the year, the larger fall crop indicates that hog slaughter in the early part of the year will be above early 1959 levels. Farrowings last October and November were actually less than a

year earlier. On December 1, hog raisers in 9 of the Corn Belt States reported 2 percent more pigs 3 to 6 months of age than in December 1958. The number of pigs under 3 months of age was 3 percent smaller than a year earlier. Although sow slaughter this spring will likely be larger than last spring, sometime before midyear total slaughter will drop below year-earlier levels.

This year hog prices have made a modest recovery from the seasonal low reached late last year. At 8 Midwestern markets the week of January 16, the average price of barrows and gilts



was \$12.49 a 100 pounds, up nearly a dollar from last December.

Prices may show some further rise, but a modest decline is likely late this winter when marketings of fall-born pigs are largest. The seasonal increase in prices this spring is expected to carry prices above year-earlier levels, in contrast to the relatively stable prices of last spring. Prices at their seasonal peak next summer will be considerably higher than last summer.

At the time of the intentions report last December sows had not yet been bred for part of the spring crop. Farmers' intentions were still subject to change due to economic and other factors, as well as the effects of the intentions report itself.

Hog Prices

The outlook for hog prices during the last half of 1960 was brightened considerably by the news of the planned 12 percent reduction in sows farrowing spring pigs. Farmers usually carry out December intentions fairly well.

This 12 percent reduction, with litters of average size as adjusted for trend, would mean a 1960 spring pig crop of about 52 million head—11 percent smaller than the 1959 spring crop, but nearly as large as the 1958 crop.

Based on quarterly farrowing plans in 9 States the planned reduction is a little larger in early pigs (December-February) than in later farrowings. This means that there will probably be a sharper reduction in summer slaughter supplies than usual. Summer prices will be considerably above a year ago. The seasonal price decline next fall will probably be as large as

usual, but prices should continue above the fall of 1959.

In the long run the most influential factor determining the level of hog production is the hog-corn price ratio—the relationship between prices of feed and hogs. In recent years, farmers apparently consider a ratio of around 13 a break-even relationship. In other words, 13 bushels of corn is equal in value to 100 pounds of hog, liveweight. When the ratio falls below this point, there is a tendency for producers to market their corn. When the ratio is above 13 they feel a greater return can be made by feeding corn to hogs.

Last fall, when producers were planning for spring pigs, the hog-corn ratio (U.S. farm basis) averaged about 12.5. The sharp cut planned in farrowings indicates that some producers may have become less optimistic about the outlook for hogs. Others may have been influenced by the actual level of hog prices; still others by the fact that all 1959 corn is eligible for price support at a national average rate of \$1.12 per bushel.

Future

In the future, the hog-corn price ratio will probably continue to play an important role in setting the level of hog production. Whether it will be favorable enough to bring an upturn in hog production this year remains to be seen.

Recent cycles in production have exhibited a pattern of a 2-year increase and a 2-year decline, though trends in monthly farrowings give some indication that these periods are becoming somewhat shorter and changes in production somewhat smaller.

Earl Miller
Agricultural Economics Division, AMS

The Agricultural Situation is sent free to crop, livestock, and price reporters in connection with their reporting work.

The *Agricultural Situation* is a monthly publication of the Agricultural Marketing Service, United States Department of Agriculture, Washington, D.C. The printing of this publication has been approved by the Bureau of the Budget (January 8, 1959). Single copy 5 cents, subscription price 50 cents a year, foreign \$1, payable in check or money order to the Superintendent of Documents, U.S. Government Printing Office, Washington 25, D.C.

FEWER SHEEP AND LAMBS ON FEED

On January 1 producers had 4.1 million head of sheep and lambs on feed for market—7 percent fewer than a year earlier.

In the North Central States the 2.5 million sheep and lambs on feed were 7 percent fewer than on January 1, 1959. Ohio, Michigan, Minnesota, and Iowa were the only North Central States with an increase in sheep and lamb feeding from a year earlier.

The sharpest decline was in Kansas where numbers were 37 percent below the previous year. Grazing on wheat pastures in Kansas was largely confined to the western third of the State.

Shipments of feeder sheep and lambs into 9 of the Corn Belt States from July through November 1959 were 3 percent smaller than in the same period of 1958.

11 Western States

Sheep and lambs on feed in the 11 Western States totaled 1.4 million head—6 percent fewer than a year earlier. Decreases in Montana, Idaho, Wyoming, New Mexico, Utah, and Nevada were partially offset by increases in Colorado, Arizona, Washington, Oregon, and California.

In Colorado, the main feeding State, 3 percent more were on feed January 1 this year than a year earlier. Most of the increase was in Northern Colorado.

Volunteer wheat pasture provided very little fall pasture for sheep and most seeded wheat was planted too late to provide sufficient fall and winter grazing in the Central Plains. Forage was short in the West and in the Western Corn Belt. However, feed supplies were abundant in the Eastern Corn Belt.

H. V. Edwards
Agricultural Estimates Division, AMS



RECORD NUMBER OF CATTLE ON FEED

A record 7.2 million head of cattle and calves were on feed for market in 26 States January 1. That's 9 percent more than a year earlier. Another 366,000 head were on feed in 11 South-eastern States. (This is the first time estimates have been made for these 11 States.)

Numbers were up 5 percent in the North Central States and 16 percent in the 11 Western States. Of the 26 States (12 North Central, 11 Western, Pennsylvania, Oklahoma, and Texas) only 5—Indiana, South Dakota, Montana, Idaho, and Utah—showed declines from a year earlier.

In 21 of the States (figures for the other 5 States were not available in 1959) there was a 17 percent increase in the number of cattle weighing over 900 pounds. The number weighing less than 900 pounds was up 6 percent.

The number of cattle on feed less than 3 months was about the same as last year. However, the numbers on feed 3 to 6 months were up 36 percent, and those on feed more than 6 months were up 39 percent.

Marketings of fed cattle in the last quarter of 1959 (October–December) were 7 percent larger than in the same period of 1958 in the 21 States.

If cattle feeders carry out their marketing intentions, marketings in the first quarter of 1960 (January–March) will be 13 percent greater than in the first quarter of 1959. During the past 4 years intentions were overstated in 2 of the years and understated in the other 2 years.

George Wangen
Agricultural Estimates Division, AMS

The Farmer's Share

The farmer's share of the consumer's food dollar was 37 cents in November, 1 cent less than in August, September, and October. In November 1958, the farmer's share was 39 cents.

SMALLER SUPPLIES OF ALFALFA AND RED CLOVER SEEDS ARE AVAILABLE

Alfalfa seed supplies are down this year. If you're used to planting alfalfa, you might want to give some thought to red clover this year.

In the past, there has been considerable substitution between alfalfa and red clover seed, particularly in the Midwest and Northeast. But a perfect substitution cannot be achieved—alfalfa is a perennial and red clover is used as a biennial. For this reason, alfalfa can be used to replace red clover, but red clover cannot replace alfalfa when a crop is desired for longer than a two-year period.

Developments

The rapid development of new varieties of alfalfa seed is also affecting substitution between these two seeds. In the last 10 years, many new varieties of alfalfa have been developed which are tailored to particular areas of the United States. Specialized varieties of red clover have also been developed, but not to the same extent as alfalfa.

Alfalfa seed production in 1959 was estimated at 130 million pounds, the smallest crop since 1951. The 1959 crop was 22 million pounds smaller than in 1958, but only 12 million pounds below the 1948-57 average.

The initial supply of alfalfa seed in 1959—production in 1959 plus June 30 stocks—was down 30 million pounds, reflecting the cut in production and an 8-million-pound cut in stocks. However, the initial supply was only around a million pounds smaller than the average supply for 1948-57.

Red Clover Production

Production of red clover seed in 1959 was slightly over 80 million pounds, 12 percent above 1958, but 11 percent below the 1948-57 average. However, stocks on June 30, 1959 were down 2 million pounds from the previous June level. The initial supply of this seed was around 102 million pounds, 14 million below the 10-year average.

The combined initial supply—production in 1959 plus stocks on June 30—of these two seeds was 284 million pounds. That's 8 percent smaller than the initial supply in 1958, but only 5 percent below the average supply for 1948-57.

Farmers in the U.S. used 226 million pounds of alfalfa and red clover seed in 1958-59, about the same as during the 10-year average period.

Even if they do use more seed this year, there appear to be adequate supplies of these two seeds. But, supplies of some certified varieties of alfalfa seed could be tighter than last year, since one-third of the decline in alfalfa seed production took place in California. This State is normally the principal source of certified varieties. A cut in production there could be reflected in the availability of some of these varieties.

For this reason, farmers should place their orders early to assure themselves of an adequate supply of the certified alfalfa varieties they need.

Other Seeds

In 1959, production of 12 important grasses used for hay, pasture, and turf totaled about 148 million pounds, 6 percent below the 158 million pounds produced in 1958, and 19 percent below the 10-year average.

However, relatively large imports of such important kinds as red fescue, Kentucky blue grass, and orchardgrass brought grass seed supplies close to domestic needs. As a result, no shortages of these grasses are anticipated. Supplies of common and perennial ryegrass are large and they will be used fully in lawn and turf grass mixtures.

Buyers are urged to read the analysis label on all seeds they purchase in order to make certain they are getting the mixtures they want.

William Askew
Agricultural Economics Division, AMS



OUTLOOK

Tobacco

Cigarette production hit a new record in the 1958-59 fiscal year, 17 percent higher than 5 years previously. But the amount of domestic leaf used failed to increase. Main reasons: Use of tobacco sheet and additional stems in manufacture of cigarettes have increased, average size of tobacco column in cigarettes has shrunk. Also, the proportion of imported tobacco going into cigarette blends has increased.



Feeds

Feed grain prices in mid-January averaged 3 percent below a year earlier. They probably will continue a little lower the first half of this year. Late harvest apparently delayed a seasonal rise in corn prices, but recent increases indicate the seasonal low has passed. The mid-January average price to farmers was 98 cents, 4 cents below January 1959.

Hogs

The downturn in hog production planned by farmers is expected to push prices higher next spring than they were a year earlier. They are likely to stay higher the rest of 1960. (See story on page 1.)

Fresh Vegetables

Tender crops in Florida were severely damaged by cold in late January. Declining are tomatoes, green peppers, sweet corn, and probably snap beans, and cucumbers. Showing increases

over last year are hardy crops such as cabbage, carrots, lettuce, cauliflower, spinach and broccoli.

Turkeys

Prices recently have been at highest levels in 3 years. They are likely to remain relatively high until about mid-year since January 1 storage stocks were down 7 percent from last year, and slaughter will be seasonally light. Improvement in turkey prices last year came in the face of a record crop. This is likely to result in increased production this year. (See the story on page 10.)

Cattle

Record number of cattle were on feed at the beginning of this year—9 percent more than a year earlier. This indicates that prices this winter and spring will continue below last year. (See the story on page 3.)



Dairy

Supports for the 1960-61 marketing year which begins April 1 will be the same as in the last 2 years. Milk production in 1959 was in closer balance with commercial demand at support prices than in any of the last 6 years. Output declined slightly from 1958 and total demand was steady. Prices were above support by a larger margin and for a longer period than at any time since 1952. Support purchases of milk-fat were 2.5 percent of production, least



OUTLOOK

Continued

since 1952. About 6.8 percent of the solids-not-fat produced were purchased for support, considerably less than in 1958.

Fruit

Fewer apples and pears, but more grapes remained to be marketed after January 1 than last year. Supplies also are smaller for grapefruit and tangerines, about the same for winter oranges, but larger for lemons.

Broilers

A sharp increase raised prices to producers in mid-December to highest level in 15 months. Although they have declined some since, they remained higher in mid-January than in most of 1959. Marketings through February are likely to be below a year ago, as in the last several months. But in recent weeks settings of eggs for broilers have risen higher than they were a year earlier. This is the first time in 8 months that settings have risen over those of the previous year.



Eggs

Low prices over the last year are likely to lead to reduction in the hatch of flock replacement chicks this spring. The average price for 1959 was the lowest in a decade and a half. In December, farmers' prices averaged 17 percent below December 1958, and they've drifted lower since then as production increased seasonally.

Hatchings of replacement chicks in recent months have been well below a year earlier. If the reduction continues, egg production next fall is likely

(continued on page 10)

CROP REPORTING TECHNIQUES IMPROVED

Your Crop Reporting Board took a number of steps in 1959 to improve crop, livestock, and price reporting. Agricultural statisticians worked closely with Bureau of Census personnel, in developing questionnaires and techniques and helped train crew leaders for the 1959 farm census. Each Census provides essential data for improving and revising agricultural estimates.

Cooperative projects for the horticultural specialties survey in 10 States and for a special livestock survey have been worked out with the Bureau of Census, using joint surveys.

An experimental program for collecting data on prices received by farmers, and prices paid by them for things they buy, was conducted in Ohio. Information was collected by personal interviews, some monthly and some quarterly, with about 300 firms which sell to farmers and 150 firms which handle products farmers sell. Price information obtained by this method is being compared with data from regular mail surveys, with a view to improving the accuracy of the price reports.

The quarterly cattle-on-feed program was expanded to include 8 more States. Also begun were a monthly cattle-on-feed report for California and Arizona, and a January 1 report in 11 Southeastern States.

A program to develop more complete statistics on commercial poultry flocks and to improve egg production estimates progressed in seven States: Conn., Mass., Ind., Minn., Iowa, Ga., and Tex.

Maryland began monthly milk production estimates—the 36th State providing this service.

The indexes of prices paid and prices received by farmers were revised by USDA.

Work continued on the development of methods for making field counts and measurements as another tool to use in estimating production of fruit and nut crops and field crops.

TALL OIL—MORE COMPETITION FOR LINSEED AND SOYBEAN OILS

Tall oil—a byproduct of the paper-making industry—is giving linseed oil and soybean oil stiff competition in industrial markets.

Tall oil is used in a wide range of products. Its main uses are as a raw material in products like soaps and lubricants, and as a drying oil in the manufacture of products like paints, printing inks, and floor tile.

Output of tall oil has more than doubled since 1954. In 1959 production reached a record 800 million pounds. The consumption by industry has kept pace with this rapid rise in production. Domestic use reached a record 750 million pounds in 1959.

While the use of tall oil has been expanding, competitive vegetable oil consumption has been slipping. The consumption of linseed oil has shown a sharp downtrend in the last decade, dropping from a postwar peak of about 700 million pounds in 1951 to around 450 million pounds in 1959. The non-food uses of soybean oil declined from a peak of 388 million pounds in 1952 to 325 million pounds in 1959.

The decline in the consumption of linseed and soybean oil is due mainly to reduced utilization by the drying oils industries. Paint output has been on the uptrend, but the use of fats and oils in their manufacture has not shared in the increase because of the continuing shift to low fat and nonfat content material.

Advantages

A number of factors account for the sharp increase in the use of tall oil. Its price has been low and stable in relation to the drying oils. The quality of the oil has been upgraded by continuing research. Researchers also have found new uses for the oil. Then, too, tall oil has been readily available during periods of vegetable oil scarcity.

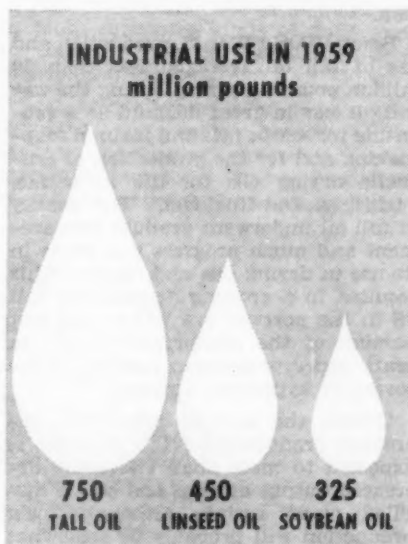
Tall oil prices have been stable in the postwar years compared with the

wide price fluctuations of linseed and soybean oils. Manufacturers of fat chemicals require fairly steady prices if they are to compete effectively with nonfat chemicals such as petroleum and natural gas. Tall oil has met this requirement.

The prices of most fats and oils increased sharply after the wartime price controls were removed. Raw linseed oil prices in tankcars at Minneapolis shot up from 14 cents a pound during the war to 34 cents in 1947. Crude soybean oil prices at Decatur rose from 12 cents a pound to 23 cents. Crude tall oil prices in tankcars at works increased from 2 cents to about 3½ cents.

Price Variations

Prices of tall oil during the past 10 years varied 1.1 cents per pound, from 2.0 to 3.1 cents. Linseed oil prices varied 6 cents per pound, from about 13 to 19 cents whereas soybean oil fluctuated nearly 8 cents per pound, between 9 to 17 cents.



TALL OIL—Continued

It is interesting to note, however, that the price of tall oil has moved up each year since 1954. It rose from 2 cents a pound in 1954 to 2.8 cents in 1959. During the same period the price of linseed oil declined from 14½ cents a pound to 13 cents, and soybean oil dropped from 13 cents to 9 cents. The increase in tall oil prices since 1954 probably reflects the growing demand for tall oil rosin along with rising rosin prices.

Sulfate Process

Tall oil is a byproduct of the sulphate papermaking process. In this process pulpwood is debarked, chipped, and cooked in a weak solution of sulphuric acid. The pulping process produces tall oil and one other byproduct—sulphate turpentine. Both are classified as naval stores. In the old days, they were used at the pulp plants as fuel or dumped. Today they're considered a major source of naval stores for the future.

Tall oil contains about equal amounts (45 percent each) of rosin and fatty acids. It was recognized early that these two components, if separated, would be more valuable. Today modern refineries separate the rosin from the fatty acids by fractional distillation.

Before World War II, production and use of tall oil averaged less than 50 million pounds a year. During the war tall oil was in great demand as a substitute for scarce fats and rosin in soap-making and for the production of synthetic drying oils for use in paints, varnishes, and linoleum. The quality of tall oil underwent gradual improvement and much progress was made in its use in drying oils and resins. This resulted in a growing demand for tall oil in the postwar era which was met because of the concurrent growth in kraft paper production and wider recovery of byproduct liquors.

During the current crop year, increased production of tall oil rosin is expected to more than offset the decreased output of gum and steam distilled wood rosins. Although rosin production will probably be somewhat

lower in the next few years, the shift in sources is likely to increase—away from steam distilled and toward tall oil rosin. This crop year about 19 percent of our rosin will come from gum sources, 62 percent from steam distilled sources, and 19 percent from sulphate sources. Future percentages should be lower for steam distilled and higher for sulphate and gum.

Tall oil rosin is unlikely to fill the supply vacuum resulting from the expected decline in the production of steam distilled wood rosin during the next several years. Among the limiting factors are supplies of softwood sulfate pulp, tall oil fractionating capacity, and the tendency of increased tall oil rosin supplies and expanded paper size requirements to go hand in hand.

The key to the future prospects of the tall oil industry quite obviously is tied directly to the sulphate paper industry. As the demand for kraft paper and newsprint increases, the sulphate industry will continue to expand, making possible wider recovery of tall oil.

The output of softwood sulfate pulp is expected to increase an average of about 6 to 7 percent annually over the next several years. Meanwhile, planned expansion in tall oil fractionating capacity should increase the potential for tall oil rosin output about 10 percent annually over the next 2 years.

Such annual increases will fall far short of meeting the expected decreases in steam distilled rosin production of about 100,000 drums annually for the next few years.

Moreover, a large part of the added potential output of crude tall oil is offset in its effect on the rosin market because of the increased demand for rosin in waterproofing (sizing) paper.

Outlook

The outlook for tall oil is bright. It probably will become an increasingly important source of rosin and fatty acid. Supplies will continue to rise and research efforts will likely continue to find new uses.

George W. Kromer
Agricultural Economics Division, AMS

THE GROWING MARKET FOR COMMERCIAL VEGETABLES

Despite all the good food we have to eat and the general prosperity of our population, the size of the stomach keeps a lid on consumption. The capacity of the human stomach is limited—to about 40 ounces. So, the total pounds of food each person consumes in a year does not change much over time. But the kinds of food do.

Today consumers eat more dairy products, meats, poultry and eggs, and processed fruits and vegetables than they did 20 years ago. But they eat fewer fresh fruits and vegetables, cereals, potatoes, and sweetpotatoes.

These shifts point up two important trends—(1) a move away from high energy, starchy foods toward more low calorie, high protein and vitamin content foods, and (2) a trend toward more processed and convenient-to-serve foods.

These trends have favored vegetables, particularly processed items.

Production

Yearly production of commercial vegetables for fresh market and processing combined increased about 50 percent during the past 20 years—from about 13 million tons in 1937-39 to over 19 million tons in 1956-58.

Some of the changes which have increased the market for commercial vegetables in the last two decades, such as declining home production of vegetables, have slowed down and will have

less impact in future years. However, many forces continue to operate. Among the more important of these is population growth.

Today 179 million consumers in this country use an average of about 1,500 pounds of food a year. Each person consumes about 200 pounds of vegetables (fresh weight basis) and 100 pounds of potatoes. The Census Bureau estimates that our population will reach 214 million by 1970, almost a fifth above the present level. This means a large increase in the potential market for vegetables.

Consumer Income

Another important factor influencing the demand for vegetables in the next decade will be the economic position of consumers. As consumers' incomes, after taxes, increase, their expenditures for food also increase, though at a slower rate.

Changes in income have little effect on the total quantity, or pounds, of food consumed by each person. So, the increased expenditures for food as income increases represent a shift in the kinds of food purchased. The shift has been to more expensive kinds of food and to more processing, packaging, and distribution services.

Increased income appears to have encouraged the trend toward more grading, packaging, processing, and marketing services. There has also been some tendency to use more of the



VEGETABLES—Continued

expensive items such as lettuce, and less of the inexpensive items such as cabbage.

According to recent projections of the Agricultural Economics Division, income per person in 1970 is likely to be up a fifth from current levels (in terms of today's prices). As this increase occurs consumers are likely to demand more of the vegetables they prefer.

Future

Projections of past trends indicate that vegetables are likely to fare well in the continuing struggle for the consumer's favor and food dollar. The projected increase in per capita consumption of commercial vegetables in the next decade amounts to some 8 to 10 percent. Even if we make additional allowances for the declining influence of some past forces, such as less production for home use, we still come out with a favorable overall picture.

With the growth in population, a substantial expansion in the total market for vegetables seems assured. For items used in both processed and fresh form, processing is expected to continue to gain in relative importance.

Will Simmons
Agricultural Economics Division, AMS

OUTLOOK—Continued

to be under a year earlier. Such a prospect would encourage storage operations and strengthen prices this spring. Thus, some recovery in egg prices is likely as 1960 progresses.

Cotton

A high rate of exports is likely the rest of this season. Over 5 million bales have been registered under the payment-in-kind program for shipment before August 1. August-November 1959 exports amounted to 1.4 million bales, half a million more than a year earlier. Total exports for the season are likely to be at least 6 million bales. (See the story on page 11.)



TURKEY CROP MAY SET RECORD

As of January 1, turkey growers intended to produce 6 percent more turkeys in 1960 than in 1959. If they carry out these intentions our turkey crop will be the largest ever—5 million more than the record 82 million birds in 1959.

During the first 10 months of 1959, prices producers received for turkeys averaged lower than in 1958, but they advanced to a favorable level in November and December. This improvement in turkey prices no doubt contributed to the intended increase in the 1960 crop.

Heavy Breeds

Growers intend to raise 74.2 million heavy breed turkeys this year—a 12 percent increase over 1959. They plan to raise 22 million heavy white breed turkeys compared with 18.3 million last year.

Heavy white breeds will account for 30 percent of all heavies raised in 1960, compared with 28 percent in 1959. The production of heavy whites has consistently increased during the past few years. The heavy whites can be marketed as fryer-roasters or grown out to heavy weights. Because of this flexibility the heavy white breeds have been displacing the small white Beltsville turkeys during the past several years. Light breed growers plan to raise 18 percent fewer light breed turkeys than they did in 1959.

Bronze

The production of heavy Bronze turkeys is increasing, but at a slower rate than the heavy whites. Growers plan to raise 52 million Bronze and other heavy breed turkeys in 1960, 8 percent more than last year.

R. F. Moore
Agricultural Estimates Division, AMS

WHY DO OUR COTTON EXPORTS VARY?

Exports of cotton from the United States have varied widely over the past five years. In the 1955-56 marketing year only 2.2 million bales of cotton were exported. The following year exports more than tripled, rising to 7.6 million bales. Each year since then they have varied within the range established by exports during those two marketing years. In the 1959-60 marketing year (began August 1, 1959) we expect exports to exceed 6 million bales.

There are many reasons why exports from this country show such wide variations. Relatively small changes in world totals have large effects on our cotton exports. Even though U.S. exports in recent years have accounted for as much as 48 percent of total world trade in cotton, they are small compared with foreign consumption and production.

In the current season, for example, foreign free world consumption of cotton is estimated at about 21.5 million bales. Foreign free world production is estimated at about 17 million bales. If these figures were to change by say 500,000 bales, the change would be approximately 2 or 3 percent. But such a change in our exports would be about 8 percent from estimated exports for the current season.

For the first time since the end of World War II foreign free world production is declining. During the current season production will drop 400,000 bales. At the same time, foreign free world consumption is increasing by about 1¼ million.

Change in the carryover or stocks of cotton held by foreign countries also affect our cotton exports. Between August 1, 1958 and August 1, 1959, stocks of cotton held in the foreign free world declined by 1.3 million bales. In other words, the foreign free world

consumed more cotton than it produced and imported. This year it is expected to increase its stocks of cotton. This increase is adding to the quantity of cotton imported abroad and exported by the United States.

Many forces influence these changes. Changes in general economic conditions and the stocking of textiles affect consumption of cotton by mills abroad. The drive for self-sufficiency and for exportable surpluses to earn foreign exchange has spurred increases in the production of cotton in the foreign free world. Stocks of cotton held in importing countries are affected by the amount of cotton consumed in those countries.

All of these factors also are affected by prices for cotton. Prices affect the rate at which acreage planted to cotton increases abroad. They affect the amount of cotton consumed by making cotton more or less competitive with manmade fibers and by causing the price of cloth to change. Stocks of cotton held by foreign countries are affected to some extent by cotton prices and by expected prices in the future.

The current season prices for cotton in importing markets are lower than they have been for some years. Prices for U.S. cotton landed in importing markets declined this year because of a lower support level and a larger export subsidy than prevailed a year earlier.

Record high cotton consumption in the foreign free world, a decline in production, an increase in stocks, and relatively low prices are occurring at the same time. So, our exports this year are expected to be large because all of the economic factors are favorable.

Frank Lowenstein
Agricultural Economics Division, AMS



THE PACKERS AND STOCKYARDS ACT

What Is It?

How Does It Protect Farmers?

Farmers and ranchers receive broad protection in the marketing of their livestock under the terms of the Packers and Stockyards Act. Many, however, have questions about the Act—what it provides, and how it is enforced. We've asked Donald L. Bowman, chief of the Packers and Stockyards Branch, Livestock Division, Agricultural Marketing Service—the USDA agency that administers this law—to answer some questions.

Q. Mr. Bowman, just what is the Packers and Stockyards Act?

A. It is a Federal statute which regulates business practices of those engaged in interstate commerce in livestock marketing and meatpacking.

Q. How does it protect me if I am a livestock producer?

A. It prohibits those regulated from using any marketing practices which would deprive you of the true value of your livestock.

Q. And just who is regulated? Does it apply to farmers and ranchers?

A. Those regulated include meatpackers, market agencies, dealers, and owners and operators of stockyards and auction markets if they are in the livestock marketing or meat business in interstate commerce. Farmers who buy or sell in the course of their farming, feeding, or ranching operations are not considered as dealers.

Q. What is a "market agency"?

A. Under the Act, a market agency is defined as a person engaged in buying or selling livestock on a commission basis or furnishing stockyard services. Commission firms and order buyers are considered market agencies.

Q. Who is defined as a dealer?

A. Any person, not a market agency, who is in the business of buying or

selling livestock or is an employee of a buyer or a seller. Dealers are often called traders or speculators since they usually buy with the intention of reselling immediately. Packer buyers are considered dealers buying for slaughter only.

Q. How are dealers and market agencies regulated by the P&S Act?

A. For one thing they are required to register with USDA. They also have to furnish bond coverage to assure payment to their patrons if they engage in interstate commerce or if they operate at a "posted" market. Packer buyers do not have to furnish bond, however, since their employers are responsible.

Q. What is a "posted" market?

A. A public market—auction or terminal—that has been found subject to the P&S Act and is operating under the supervision of USDA. Country buying stations, which are private markets, are not posted, but they are subject to the Act in most cases.

Q. If I sell my livestock at my farm is the buyer subject to regulation by the P&S Act, too?

A. Yes, if he is a dealer or market agency engaged in interstate commerce.

Q. Does the P&S Act protect me against inaccurate weights?

A. Yes, it requires those subject to the Act to have accurate scales and to operate them so as to assure accurate weights. Furthermore, serially numbered scale tickets must be issued to buyers and sellers and copies kept on file by the issuing person or firm.

Q. Are marketing charges regulated under the P&S Act?

A. Market owners and agencies operating at livestock markets subject to the Act must file a schedule with USDA showing all their rates and charges. Regulations state that these charges

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FARMER'S SHARE OF FOOD DOLLAR DROPPED LAST YEAR

Farmers received 38 cents of each dollar consumers spent for farm foods in retail stores in 1959—2 cents fewer than they did in 1958. In recent months it has dropped to 37 cents.

In 1959 the farmer's share was reduced by the decline in farm prices and a slight increase in marketing charges. Prices received by farmers for foods were 7 percent lower in 1959 than in 1958. Marketing charges rose 1 percent from 1958 to 1959—one of the smallest increases since 1947.

Retail prices of farm foods decreased in 1959 for the first time since 1955. They probably will not change much in 1960 as increases in marketing charges will partly offset lower farm values.

The farmer's share rose from 38 cents in 1939 to 53 cents in 1945. Then it declined to 47 cents in 1949 and 1950. In 1951, during the Korean conflict, it rose to 49 cents. It remained at 40

cents from 1956 through 1958 before dropping to 38 cents in 1959. (See the chart.)

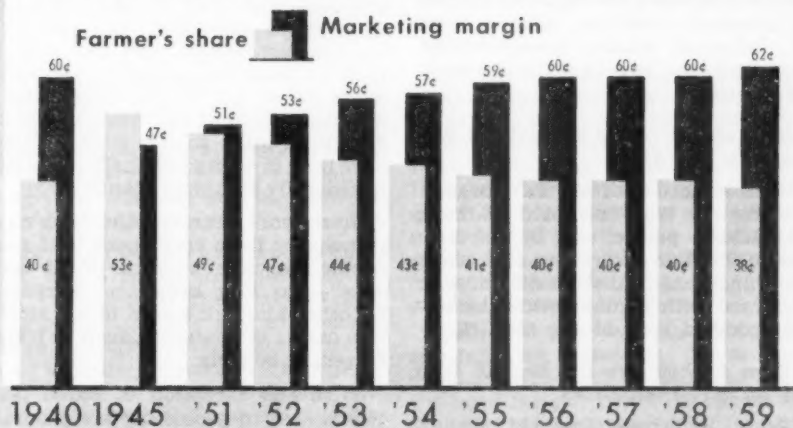
The farmer's share of the dollar consumers spent for meat products at retail dropped from 57 cents in 1958 to 52 cents in 1959. With the exception of 1956, this was the farmer's lowest share since 1940.

His share for dairy products and fruits and vegetables remained unchanged in 1959—45 cents for dairy products and 29 cents for fruits and vegetables.

The farmer's share for poultry products dropped from 63 cents in 1958 to 58 cents in 1959. His share for bakery and cereal products dropped from 19 cents in 1958 to 17 cents in 1959, the lowest level since 1938. The farmer's share for fats and oils was 25 cents in 1959, 2 cents lower than in 1958.

Forrest Scott
Marketing Research Division, AMS

FARMER'S SHARE AND MARKETING MARGIN OF RETAIL FOOD DOLLAR*



* DATA FOR MARKET BASKET OF FARM FOODS BASED ON AVERAGE 1952 PURCHASES BY URBAN FAMILIES
DATA FOR 1959 ARE PRELIMINARY

U. S. DEPARTMENT OF AGRICULTURE

NEG. 1661A-59 (10) AGRICULTURAL MARKETING SERVICE

P&S ACT—Continued

must be "reasonable." USDA may prescribe rates if it deems those filed unreasonable. The schedule of rates must be kept open to public inspection at the market.

Q. How can I be sure that I am charged the correct rates?

A. Those subject to the P&S Act are required to give you a true written account of your transaction including an itemized listing of all charges, such as those for yardage, feed, and commissions. You should also be given the name of the buyer, number of head sold, and the weight, price, and total.

Q. When I consign livestock to a market agency, what assurance do I have that I will get the best price possible—and that I will get my money?

A. Market agencies are required under the law to act in your best interest and to offer your livestock for sale in open competition. They may not buy out of your consignment for speculative purposes. The agency is required to hold the proceeds of the sale in trust to assure payment to you. Prompt payment is required.

Q. How do I know my consigned livestock will get proper care at the market?

A. Posted markets are required to provide adequate facilities, such as pens and unloading chutes, in reasonably clean condition, and to provide proper feed and water.

Q. How are all these regulations enforced by USDA?

A. Representatives of the P&S Branch make regular trips to posted markets, meatpacking plants, and buying stations to check on observance of the law. The branch has 20 district offices, each is charged with administering the law in a specified area of the country.

Q. Even so, how can the Branch keep tabs on all transactions?

A. Every registered market owner, market agency, and dealer (except packer buyers, whose employers are responsible) must keep complete and accurate records that will disclose the full

details and nature of all transactions. Accountants with the Branch audit these accounts to determine whether regulations are being observed, correct charges are being made, and the financial condition of the firm or individual is sound.

Q. What should I do if I have a complaint against someone subject to the Act?

A. If you can't get satisfactory settlement from the participants in the transaction, consult the P&S district supervisor. Valid complaints will be investigated without charge.

Q. What should I do if I have suffered loss or damage through unfair treatment?

A. You may file a petition for reparation against the person or firm responsible. This must be done within 90 days after the transaction.

Meat Processing Is A Big Business

Meat and meat products processed and prepared under Federal inspection last year topped 17 billion pounds, up 2 percent from 1958 output.

Cured and smoked pork, lard, canned products, and sausage are the major meat items processed and prepared. Sausage production does not rank as high in total poundage as the other items listed, but it still constitutes a significant part of the meatpacking industry, as more than 2 billion pounds have been processed annually since 1951 in federally inspected plants.

Fresh pork sausage—the kind made principally from fresh pork that some people associate with the word "sausage"—has long since been surpassed by other kinds of spiced meats stuffed in a casing or container, such as frankfurters or bologna.

With the exception of cured pork, meats used in processing are generally of the lower grades. Sausage makers, for example, can utilize cow and bull carcasses that would find little acceptance as fresh cuts.

"Bert" Newell's Letter

Here we go again on a new crop year. Actually, I guess it's about the same as any other new year, but it seems a little different because it is the beginning of a new decade.

Just think, at the beginning of the last decade of the sixties—1860—there were only 33 States. Oregon had been a State less than a year. There was a young man named Abraham Lincoln who was being pushed as a candidate for President. There was no Department of Agriculture, but the Patent Office was issuing some crop reports. Farmers had been disturbed over the lack of crop information and Commissioner Ellsworth of the Patent Office had succeeded in getting a little money appropriated and issued the first crop report in 1841. But a whole century has passed since 1860, so let's turn back just half a century to 1910.

I can remember 1910. The 1909 Maxwell I told you about last month was one of about 3 or 4 automobiles in our entire neighborhood. Steam engines provided the power for threshing and wood sawing. Remember the excitement created by the steam-traction engine as it puffed along the road pulling the threshing machine, water tank, and fuel wagon? It was particularly exciting if you happened to be driving and there wasn't a convenient side road or driveway to turn off on until the engine passed. Even as now, horsepower was all-important, but the fuel for horsepower then was oats and hay instead of gas or diesel fuel.

Take a look though at what has happened to marketing in these past 50 years. The general store was the center in our village and sold everything from yard goods to plowshares. In some ways, I suppose, the modern-day supermarket is trying to copy our old-time general store with the number of items they offer, but the general store was a much more folksy place. The potbelly stove with a handy sandbox or two, a few chairs and a cracker barrel—the setting for the village forum. Actu-

ally, in our town the crossroad store provided entertainment, particularly on Saturday night when Bentley with his banjo provided a tune for old Bob to cut a "buck and wing" and do the "hen scratch."

I wonder what the next 50 years will bring. Maybe the youngsters of 1960 will look back to this period as the "good old days" when they had to actually steer their automobiles, or when we poked along leisurely at 500 to 600 miles an hour in a jet between Washington, D.C., and San Francisco. Perhaps in another half-century we'll have this Crop and Livestock Reporting Service worked out to where we can send up a rocket that will photograph the entire country and send its messages back to an electronic computer that will interpret the information and flash it to your home-television screen, in 10 or 15 minutes. Oh, come now—this is too much, but still remember how you laughed at that story about "Darius Green and his Flying Machine."

Well, now, let's stop this foolishness. We are off on a new crop year. We have the very real and serious job of supplying the Nation with the facts about supplies of food and fiber—basic needs for our very existence. We are going to depend upon our tried-and-true voluntary cooperators—men and women who know agriculture and have given invaluable help in providing the information necessary to guide the Nation's biggest and most fundamental enterprise—agriculture.

I expect that there will be some rough spots—there always are. Changes that occur in production and marketing create many problems for the agricultural estimating service. Statistics that met the needs 50 years ago, or even 10 or 15 years ago, are not adequate for our present-day economy. It seems that everyone wants more facts on more commodities and much more accuracy than ever before.

Well, I've done enough reminiscing and facetious projecting. We are back down on solid earth in 1960, and facing the hard facts of providing the service that is so necessary for agriculture and, therefore, all the Nation. With your help we'll get the job done.

A. R. Newell

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UNITED STATES
DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE
WASHINGTON 25, D.C.
OFFICIAL BUSINESS

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U.S. DEPARTMENT OF AGRICULTURE

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